

EDUCATION

PUBLIC ACT 322 OF 1998

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	FY 1997-98 YEAR-TO-DATE APPROPRIATIONS	FY 1998-99 ENACTED APPROPRIATION	FY 1998-99 ENACTED CHANGE FROM FY 1997-98	
			AMOUNT	PERCENT
FTE POSITIONS	630.6	548.6	(82.0)	(13.0)
GROSS	\$835,918,300	\$869,926,700	\$34,008,400	4.1
IDG/IDT	1,461,500	1,373,000	(88,500)	(6.1)
ADJUSTED GROSS	\$834,456,800	\$868,553,700	\$34,096,900	4.1
FEDERAL	770,635,800	803,836,400	33,200,600	4.3
LOCAL	5,986,100	6,119,600	133,500	2.2
PRIVATE	787,200	788,200	1,000	0.1
OTHER	13,310,700	13,415,700	105,000	0.8
GF/GP	\$43,737,000	\$44,393,800	\$656,800	1.5

SB 910

Referred to
Appropriations
02/24/98

Passed Senate
03/25/98

Passed House
06/17/98

Conference
Approved by Senate
07/01/98

Conference
Approved by House
07/01/98

Effective
07/31/98

OVERVIEW - EDUCATION

The Michigan Department of Education is the administrative arm of the State Board of Education. The Department provides administrative and programmatic oversight, information, and policy direction to K-12 districts, intermediate school districts, and nonprofit agencies who provide educational services. Approximately 93% of the Department's budget consists of federal revenue in the form of grants; the additional 7% is derived from restricted revenue, general fund/general purpose revenue, and private and local revenues.

The FY 1998-99 appropriation allocated \$869.9 million (Gross) to fund the Department of Education. This represents an overall increase of 4.1% or \$34.0 million over current year funding. In comparison to FY 1997-98, federal funds are expected to increase by 4.3% or \$33.2 million, while GF/GP is expected to increase by \$656,800 or 1.5%. Of the total GF/GP increase, \$300,000 is earmarked to support the Fast Track program which provides accelerated training in mathematics, communication, and computer skills to high school graduates. It is an intensive work environment where young adults experience industry standards of discipline, productivity, and personal conduct as they enhance technical and communication skills, learn computer applications, and explore technical career options in the manufacturing industry. Participants who complete the program are eligible for acceptance into the Machinist Training Institute, or employment with Detroit-area-based manufacturing companies.

Federal grants increases are as follows: \$9.5 million for technology literacy; \$7.0 million to support special education services, \$6.0 million for school lunch programs, \$3.1 million for charter schools, \$2.3 million for programs funded by Goals 2000 grants, and \$410,000 for Title I and Even Start programs. Other federal program enhancement includes \$5.9 million to develop a Comprehensive School Reform model for local school districts. The Comprehensive School Reform program is expected to raise student achievement by expanding the quality of public school reform efforts which will enable K-12 students, particular low-achieving children, to meet challenging academic standards. This initiative will also assist in implementing school reform that is based on reliable research, and that includes parental involvement in restructuring public education.

Developing research-based models for comprehensive school reform builds upon ongoing efforts to connect higher standards with school improvements through Goals 2000 and Title I federal grants. As a result, \$5.0 million was shifted from the Goals 2000 federal grants for startup costs associated with developing and implementing the Reading Plan for Michigan. The plan will assist children who do not meet established reading standards at the conclusion of the third grade. School districts will establish summer reading programs to assist children who are not reading at appropriate levels.

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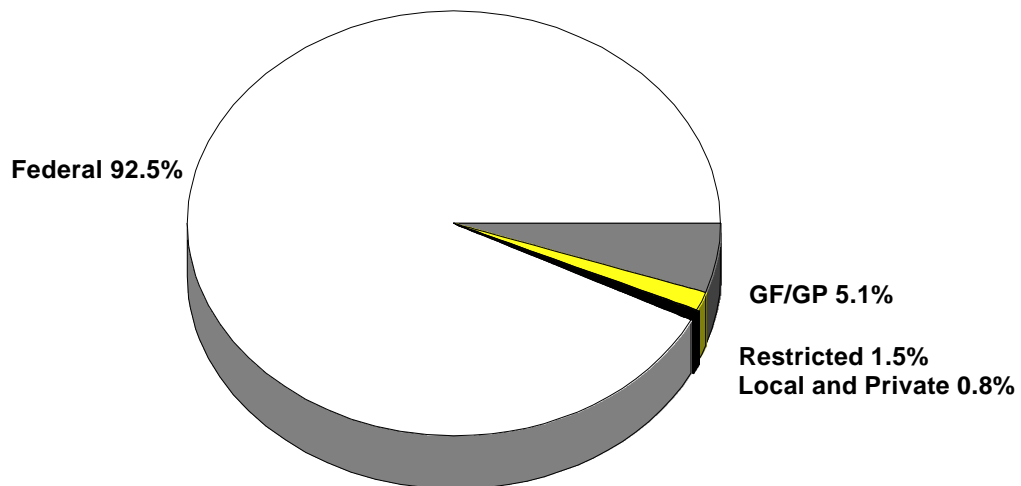
Education continued

Other major boilerplate changes to the budget include: elimination of funding (\$150,000) and boilerplate language related to the charter school performance study; \$100,000 in restricted funds added to offset costs associated with loan collection for the King-Chavez-Parks program; new language creating the Office of Safe Schools within the Department of Education; and new language authorizing the Department to receive and expend funds for capital improvement at the Mid-Michigan Academy.

Finally, as part of its reorganization, the Department created the Field Services and the Innovation and Community Services units. These units are expected to streamline and enhance the delivery of educational support services to internal and external customers.

The following chart illustrates the Department's Adjusted Gross distribution: 92.5% Federal revenue, 5.1% GF/GP, 1.5% restricted, and 0.8% local and private funds.

**Michigan Department of Education
FY 1998-99 Adjusted Gross Distribution**



MAJOR BUDGET CHANGES: FY 1998-99

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
1. Reading Plan for Michigan		
Approximately \$5.0 million (Gross) is allocated to implement the Reading Plan for Michigan. The plan will assist children who do not meet established reading standards at the conclusion of the third grade.	FTEs	0.0
	Gross	\$5,000,000
	Federal	\$5,000,000
2. Comprehensive School Reform		
The budget earmarked \$5.9 million (Gross) from Title I federal revenue to develop and implement the Comprehensive School Reform initiative.	FTEs	0.0
	Gross	\$5,889,200
	Federal	\$5,889,200
3. Fast Track Program		
The budget includes \$300,000 (GF/GP) in new funds to administer the Fast Track Program. This program provides accelerated training in mathematics, communication, and computer skills for high school graduates.	FTEs	0.0
	Gross	\$300,000
	GF/GP	\$300,000
4. Charter Schools Study		
In FY 1997-98, \$150,000 is appropriated to complete the charter school performance study. The FY 1998-99 budget excludes funding and boilerplate language associated with continuation of the performance study.	FTEs	0.0
	Gross	(\$150,000)
	GF/GP	(\$150,000)
5. Terminal Leave Payments		
In order to comply with federal and state regulations regarding the allocation/accounting of unused annual and sick leave payments to employees who have terminated their employment, the department created the Terminal Leave Payments line. To centralize terminal leave funds, \$500,000 was transferred from various personnel lines. The net effect is zero.	FTEs	0.0
	Gross	\$0
	GF/GP	\$0
	Federal	\$0
6. Schools for the Deaf/Blind Operations		
The FY 1998-99 budget reduced this line by (25.0) FTEs to reflect funding reduction which occurred in FY 1997-98 (\$1.9 million) related to reduction in local revenues and co-location savings used for renovation of the Michigan School for the Deaf/Blind.	FTEs	(25.0)
	Gross	(\$0)
	GF/GP	(\$0)
7. Loan Collection Revenue		
The FY 1998-99 budget includes \$100,000 (Gross) from loan collection fees to offset administrative costs associated with loan collection for the King-Chavez-Parks program.	FTEs	0.0
	Gross	\$100,000
	Restricted	\$100,000

ECONOMIC AND RETIREMENT ISSUES: FY 1998-99

ECONOMIC ISSUES

None

RETIREMENT ISSUES

None

MAJOR BOILERPLATE CHANGES: FY 1998-99

1. Performance Study Charter Schools

The budget eliminates language and funding associated with continuation of the charter school performance study.

2. Reading Plan for Michigan

The FY 1998-99 budget includes new language and funding to establish the reading plan program. This initiative will assist children who do not meet established reading standards at the conclusion of the third grade.

3. Capital Improvement Revenue: Mid-Michigan Academy

Boilerplate language is included which authorizes the Department to receive and expend funds from the Mid-Michigan Academy for capital improvements.

4. School District Audits

New boilerplate language is included which nullifies school districts' audit findings prior to the adoption of Proposal A.

5. Loan Collection Fees

The budget includes new language which appropriates \$100,000 in restricted revenue to offset administrative costs associated with the King-Chavez-Parks program.

6. Office of Safe Schools

New language is included which requires the Department to establish the Office of Safe Schools to prevent school violence. The FY 1998-99 budget does not include any funds to support this program.

VETOES: FY 1998-99

None

REVENUE INCREASES: FY 1998-99

Loan Collection Fees

The budget authorizes the Department to receive and expend loan collection fees related to the King-Chavez-Parks program.

Gross	\$100,000
Restricted	\$100,000

SUPPLEMENTAL APPROPRIATIONS: FY 1997-98***Retirement Contribution Adjustment***

Senate Bill 928 reduced the FY 1997-98 appropriations by \$873,400 due to lower retirement contribution rates. These funds will be used to supplement the FY 1998-99 budget.

Gross	(\$873,400)
GF/GP	(\$281,100)
Federal	(\$422,000)
Restricted	(\$68,200)
Local	(\$102,100)